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Transcript

Investors and Analysts' Conference Call: First Quarter 2023 Financial Results

Vasile Tofan, Chairman of the Board of Directors, Purcari Wineries Public Company Limited: Please allow me to extend a warm welcome to everybody attending our first Quarter of 2023 Financial Results. I have the privilege of opening this call. My name is Vasile Tofan, and I am the Chairman of the Company.

It has been a very good quarter for us, and my colleagues will elaborate in greater detail on it. I want to flag it in advance – yes, it was against the base of last year, which incorporated the effect of the Russian invasion in Ukraine. At the same time, the first quarter of last year was also a very soft one for Purcari, when revenues grew +13%. So, when you look at the results today, please factor in that last quarter (4Q2022) was stronger for Purcari.

As we get into this call, I want to introduce a few new faces for Purcari Wineries. We're very excited to introduce 2 new Board members for our Company: Raluca Ioana Man and Paula Catalina Banu, both accomplished executives with a trend at the intersection of legal, commercial, and branding, exactly the type of background that we believe are needed for our Company at this stage of development. Both are Cyprus-based and tax licensed in Cyprus, so they come to strengthen our presence in the jurisdiction that is home to our Group.

So, without further ado, I want to pass the word to Eugeniu Baltag, who will kick off today's call.

Eugeniu Baltag, Investor Relations Manager, Purcari Wineries PLC: Good afternoon, everyone. Let's jump straight to the presentation, and thank you, Vasile, for the introduction. As most of you already know Purcari, we will organize the call so that we'll leave more time for our financial and Q&A parts.

When speaking about Purcari, behind the ticker WINE on the Bucharest Stock Exchange, or the bottle of wine on the shelf, we must imagine a team of more than 800 people. As a Company, we are comprised of 7 different nationalities and we operate in more than 3 countries, with a 1/3 of our assets located in EU countries: Romania and Bulgaria. In the near future, we hope that all 100% of our assets will be located in the European Union.

At this moment, we have 7 production sites and 6 family brands, with one thing that strongly connects us – the passion for wine. We have more than 1,400 hectares of prime vineyards, about which we can already state that they have come out of the winter well. There was enough rain, and we already have signs of a good harvest this year, however it is too early to elaborate on this topic.

We believe in diversity and diversification; our Group being diversified both in terms of production platforms and geography of sales. We are exporting in more than 40 countries around the world, with Bulgaria, the latest addition to the Group representing 2% of the Group's turnover.

Jumping forward, during the modern history of Purcari, we had some ups and downs with embargoes, crises, and wars in the neighboring country. But over time, we stayed focused on what we do best and delivered a strong growth each year. We have doubled sales since the IPO and maintained an increasing trend every year. Of course, increasing volumes is also very important, but growing sales and keeping high margins is part of our trade. Our business model is built around the concept of affordable luxury, the entire team aiming to operate under the 50%, 30%, 20% rule, where Gross Profit margin is around 50%, EBITDA around 30% and Net profit margin around 20%.

With time, we have evolved, showing a growing trend from 2017 up to 2022, with results close to the mentioned rule. Our performance comes mainly from organic growth, with several successful M&A deals along the way.

We continue with the operational results of the first quarter, but before that, I have some good news for our consumers. We have expanded our existing Nocturne series with a Nocturne Viorica de Purcari, awarded Gold in 2023, both at Mundus Vini Spring Tasting and Challenge International du Vin.

Going forward to operational figures, we had very strong growth in the first quarter. We increased our sales by 31% to RON 73.3 million, while maintaining high profitability with an EBITDA margin and Net Profit margin at 29% and 17%, respectively. We managed to grow on a yearly basis as well, despite the macroeconomic and geopolitical situation, our EBITDA growing to RON 21.1 million, that is +3% year-on-year, and Net Income growing by 7%, to RON 12.8 million year-on-year.

A quick mention regarding our key operational highlights; we have registered double-digit growth for all brands due to a rise in volume, mixed with the effect of price increases, which were pushed forward in 2022. As a rule of thumb, volume has increased, contributing by 55% to this growth, the additional 45% being attributed to value.

We had a strong performance in most of our key markets, and we'll provide you with more details shortly. Our business model proved resilient once again amid the headwinds that the entire economy is facing right now. We have some good signs such as easing cost pressure, especially since we received the revised prices for packaging, however it will take some time until we'll see the positive impact on margins.

Most of the bottlenecks in the supply chain have cleared, and currently we have sufficient trucks and containers to ship our wine to consumers.

The situation is completely different compared to last year, especially since Moldova is taking active steps towards the European Union. On the 21st of May, there will be a national assembly in the Central square (Great National Assembly Square) in Chisinau, under the name *European Moldova*, where all citizens of the Republic of Moldova are welcome to participate and express their willingness to join the European Union.

Also, on the 1st of June, Moldova will hold the 2nd European Political Community Summit, which will bring over 40 heads of states to Chisinau. Indeed, very important things are happening on the

political agenda of the Country, new accession negotiations being expected to start by the end of 2023.

We are also looking forward to seeing you at our Annual General Meeting on the 26th of May, where we will discuss several topics, among which is the approval of the dividend, the proposed amount being RON 0.55 per share.

The first quarter was very good not only from an operational standpoint, but from a stock market perspective as well. WINE was the number 4 best performing stock among other companies in the index, with +18% increase year-to-date.

Next up, we have Victor Arapan, CFO of the Group, who will provide some additional insights on the financial evolution of the Company during the first quarter of 2023. Victor, the floor is yours.

Victor Arapan, Chief Financial Officer, Purcari Wineries PLC: Thank you, Eugeniu, and good day to everybody.

As mentioned by my colleagues, the Group had a good performance in Q1 with sales above guidance. At the same time, the cost of sales is still affected by the stock of expensive bulk wine from 2021 and 2022, which is now actively involved in the bottling process, as well as the more expensive packaging reserved at the end of last year so that we can avoid any disruptions that could occur in the winter of 2023.

The investments made in 2022 that were put into operation in the previous quarter, including the acquisition and pension stake in Bulgaria, generated an increase in expense and depreciation of about RON 2 million in addition to year-on-year, which led to an increase in the manufacturing cost.

At the same time, the increase in the share of services provided by Ecosmart, currently at about 9% of total sales, had its impact on the gross margin as it exhibits a lower net margin compared to our main business. All these factors led to an expected decrease in the gross margin from 52% to 45% in Q1. SG&A expenses registered an increase as a share of sales to 23% compared to 20% last year, the significant increase in marketing and sales being due to more intense promotional activity compared to last year. When Russia's invasion of Ukraine took place last year, marketing expenses slowed down against the backdrop in increased uncertainty.

We believe that in a period of six months, growth will stabilize compared to last year. Other income expenses remain straight, however, separately we have significant changes such as an increase of interest expense by 50% from RON 1 million to RON 1.4 million in Q1. At the same time, because of MDL appreciation against EUR, the Group recorded a Forex gain of RON 2 million, whilst in Q1 of '22 it recorded a loss of RON 1.4 million. EBITDA and Net profit have increased by 3% and 7%, respectively, compared to the previous year, with the margins of both indicators above guidance.

On Slide 17, we have segregated the Q1 results by business segments. The segment of Waste recycling and management services, covered by Ecosmart in Romania is still insignificant, without impact on what was previously presented at Group level. However, we are sure that during this year, Ecosmart will be brought back to a level of planned profitability.

The Group continues to have a very strong financial position over the years, with a low level of indebtedness and optimal liquidity. It should be noted that the Group's goal is to maintain a net debt-to-EBITDA of 1.5x, an indicator for sustaining strong growth in the future.

Now, I offer the floor to my colleague, Eugeniu Baltag, who will review the evolution of sales.

Eugeniu Baltag, Investor Relations Manager, Purcari Wineries PLC: Thank you, Victor, for the detailed information and the insight on financial figures. Now, let us see how we have achieved these figures by jumping into the commercial data.

On Romania, we have a double-digit growth for all brands, Nocturne performing exceptionally well. We are adding new locations and signing new contracts in HoReCa, as well as doubling the number of SKUs in Lidl, a good sign after last year's long-term discussions with this key account.

On Domeniile Cuza, we have accelerated by 9x on a year-on-year basis. This product is still at its introduction phase, but it is already performing very well. We are listed in our most important channels with it, and we see a positive outcome from this endeavor.

On Moldova, Purcari and Bardar lead the growth. This quarter was governed by strong negotiations with key accounts to push through price increases and we came to an agreement with most of our partners. Moldova currently generates 70% of our total sales, a growth of 19% in this quarter.

Speaking about Poland, we have registered a strong quarter and have increased by 25%. Of course, we have to consider that we are comparing the quarter to a weaker Q1 in 2022. The pressure in the mainstream wine market continues, but we remain firm, with a primary focus on prioritizing margins over volumes with Bostavan, and we are pushing Purcari in the premium segment by expanding in HoReCa.

If we speak about Asia, we had a weak start of the year for the Chinese market, the decrease coming primarily from weaker Bostavan sales. Nevertheless, Purcari performed very well, registering a 35% year-on-year growth, albeit from a smaller base. I believe it is important to mention that the outlook in China is improving, especially after it reopened its borders and our country manager could return to his activity on site. This is important for us, as in this way we will be able to understand how things are evolving in the Chinese market.

Czechia and Slovakia decreased the most compared to the rest of the countries, with a -35%, mainly due to lower consumer confidence. However, it is to be mentioned there were some timely shifts, but considering April sales as well, that is 4 months in a row, we are in the black. Indeed, we grew, but please take into account that April figures are still preliminary.

Ukraine registered a strong quarter, surpassing Q1 2021 by 24%, as we continue to do what we do best despite the war. We are maintaining our local team and increasing our presence in key accounts and channels. At the moment, we are exporting only based on a 100% prepayment, to secure our investments and sales in the region. Additionally, we are pushing Bardar since we want to expand its sales geography to this region, by starting a collaboration with Coca-Cola in Ukraine.

In terms of brands, there is not a single market where Purcari hasn't grown this quarter, Purcari's collections also showing exceptional results in all countries. We are capitalizing on our brand value and enforcing our presence in existing markets, while, of course, exploring new ones.

Bostavan showed a very good performance in this quarter as well, growing by 22%. Country-wise, Poland had good results and Turkey registered strong sales, fulfilling the 2023 quota just in the first quarter. In Ukraine, the brand exhibited a good performance, based on a mix of volume and price increases.

Crama Ceptura bares some similarities output-wise with Bostavan as it also had a very strong quarter, especially in its main market Romania. The brand increased its sales by 28% in its first quarter. We continue to develop the brand's portfolio with focus on premiumization, whilst gradually passing price increases in order to keep up with the current inflationary context.

Bardar comprises 10% of the Group's sales, growing by 10% this year. We had a very strong quarter in Moldova, Romania, and the Baltics. In China, unfortunately, we did not register any sales, but we hope that the situation will redress during the year. It is to be mentioned that we have managed to show a double-digit growth, despite the increase in excise duties, enforced in Moldova from January 1st.

As for Angel's Estate, our latest addition – it currently represents 2% of our sales. It is undergoing a transformational process with respect to the commercial, agricultural, and operational areas. We are identifying and solving past inefficiencies on the go, a process that will, of course, take some time to complete.

Before jumping to the Q&A session, I would like to hand over the floor to Vasile Tofan to bring some insights with respect to our Guidance on 2023.

Vasile Tofan, Chairman of the Board of Directors, Purcari Wineries PLC: Yes. Just to comment briefly on the Guidance, as you know, we have the practice of issuing the guidance for the year – at the beginning of the year. I think the numbers speak for themselves; it is a very strong beat on the Guidance in terms of the results of the first quarter. We have decided to keep the guidance for the year unchanged, though in line with our long-term principle of managing our promises and focusing more on the delivery side. Again, I don't want to comment more on this, we are very pleased with the first quarter. We are seeing a good evolution in the second quarter as well. At the same time, we have decided to stay prudent and in line with our previous experiences and keep the guidance for the year unchanged.

Eugeniu Baltag, Investor Relations Manager, Purcari Wineries PLC: Ladies and gentlemen, we can now open the floor for the Q&A. Please feel free to raise any questions that you have so that we (the Executive team or Board of Directors) can answer them directly.

Questions and Answers

Participant 1: On the sales, indeed, growth was extremely high in the first quarter, and you're still keeping guidance for the full year. Can you provide an inkling of what could go wrong? I mean, why are you cautious on the sales side? Indeed, the first quarter of last year was very low, it was a low base, basically. What do you expect to see for the portfolio in quarters?

Vasile Tofan, Chairman of the Board of Directors, Purcari Wineries PLC: Yes, so I'll allow myself to slightly contradict you, I wouldn't say that the base of last year was a low one. If you look at the last years' results, we grew 13% year-on-year, which was actually a decent growth against 2021, so it wasn't one of those weak quarters. And I think that this brings the point home even more regarding how strong the first quarter was.

At the same time, I will make two comments, the second one, a repetition of what I said before. First is that the first quarter is still, seasonally, not the strongest one. You know that we have a very high dependence on the fourth quarter, which is seasonally strong. The fourth quarter typically brings in about 35% of sales for the year, give or take. So, the first quarter is, on the contrary, one of the lower seasonally and at a distance from the fourth quarter. That's why we think it's prudent to wait for the year to progress more and then potentially revise the guidance.

For the second, the main comment is that, we have, I think, a good tradition of keeping prudent on the Guidance, but then overdelivering on it. I don't say that we will overdeliver this year, I'm just referring to the past track record that we have.

Participant 1: I didn't mean to say that the first quarter last year was necessarily weak. It was weaker if you look at the growth in the following quarters, right? I mean year-on-year growth in the following quarters was considerably higher compared to what we've seen in the first quarter. Just to conclude, do you think that what you've seen in the first quarter would be sustainable going forward in terms of growth rate?

Vasile Tofan: I would hate to be misleading here, so I'll have to choose my words carefully. At the same time, I think that growing every quarter by 31% is a little bit too ambitious in assumption. That's why I think that looking at our guidance makes more sense, and please note that year after year we are exceeding our guidance.

Participant 1: And if I may, something regarding margins. Margins have improved from the levels of the second to the fourth quarter of last year. Is that sustainable? Gross margin, I mean.

Vasile Tofan: I'll defer to Victor Arapan, our CFO, to elaborate in greater detail on margins. Victor, over to you.

Victor Arapan, Chief Financial Officer, Purcari Wineries PLC: Thank you for the question. We anticipate our margins to be sustainable. Currently we have more wine in bulk from last year's harvest that participates in the production process, which is cheaper than previous stocks. Also, the price for packaging: bottles, boxes, labels, is going down as well.

Participant 1: So, you'd rather see reasons for margins to increase, not decrease, from what you're seeing?

Victor Arapan: It depends. For example, if we refer to Q1 2023, we have a mix with a strong quarter from Purcari, which is a high-margin brand. If the brand maintains the same quota for the rest of the period, our margins will, of course, increase. However, we plan on developing all our brands, creating more of a mix with Bostavan, Angel's and Crama Ceptura, hence we expect to maintain at least the current level of gross margin.

Participant 1: I'll ask the rest of my questions later, if there are any questions coming from the other participants.

Participant 2: Good afternoon. First of all, congratulations on the Q1 performance. A question from my side, can you please comment on the evolution of the financial revenue and financial expenditure, as I noticed that it is very significant for the financial revenue year-on-year?

Vasile Tofan: Victor, I think that this is a question to you, if you can take it. I understand that it's about the foreign exchange gain if I got the question right. Maybe you can elaborate in greater detail.

Victor Arapan: Of course. As mentioned during the presentation, the interest expense increased by 50% year-on-year. This is mainly because, compared to Q1 2022, our loan portfolio and interest rates increased significantly on all markets where we have loans from banks, especially Romania and Moldova.

At the same time, we have a gain on foreign exchange due to MDL appreciation against EUR. We have a short position for our balance sheet in EUR, meaning we have more EUR than accounts receivable in EUR, which led to a gain from MDL appreciation. You can find more information

about this in our Q1 Report, in Note 20, where you have a detailed breakdown of finance income and finance costs.

Participant 2: Thank you, that was all from my side.

Participant 1: What I would like to ask next is about Angel's Estate. Firstly, how is it going? Secondly, are you going to launch Purcari or Crama Ceptura there? What are the plans in Bulgaria?

Vasile Tofan: Maybe I'll start on this one, and I invite my colleagues to add to this, Eugeniu and Eugen Comendant, whose project this was. So, a quick update. First, I would reiterate, we believe that this is a very accretive purchase, which showed in the gain from the bargain purchase recognized in the previous quarter. We believe it has very strong potential within our group.

The first thing that we did in this project was the appointment of a very strong GM, one of our rising stars - Grigore Meriacre, who was Marcel Grajdieru's (General Manager of Crama Ceptura) right hand, in Romania. He moved to Bulgaria, which is a step-up for him on the opportunity to grow professionally. He's very hungry, excited, and he's playing a GM role now, and I believe we made a strong move.

We've also dispatched a significant team of winemakers from our Group to Bulgaria, to introduce best practices that have a very strong impact on the yields. One of the issues with Bulgaria was that they were having lower yields due to problematic practices while managing the vineyards. This year, we are already looking at a very significant boost in yields, by running the vineyards in line with our Group's best practices. Hence, this will lower COGS and increase the EBITDA margin.

In terms of your question on what we plan on the sales side, indeed, we plan on using the platform of Angel's Estate in Bulgaria to introduce our Purcari brands to the market. For example, Bulgarian resorts are very popular for Romanian and Moldovan tourists, so we already have significant tourist volume that are familiar with our brand. We already have a base of consumers there, but we are open to introducing our wines to the broader public.

At the same time, we want to use our sales platforms and partnerships to introduce Angel's Estate to new markets. To give you an example, in Poland, which is traditionally a very big market for wine, the leading wine brands are Bulgarian, so it is a natural launch market for Angel's Estate. Of course, we want to also make a good use of our pan-European e-commerce partnership, [8Wines](#), to sale and introduce this product across our sales network.

Eugeniu Baltag, Investor Relations Manager, Purcari Wineries PLC: To give you some insight, don't take Vasile's words for granted. You can already find some SKUs listed in Metro in Ruse, just 68km from Bucharest.

Participant 1: So, you basically already started to work there with HoReCa as well as retailers to distribute Purcari in Moldova, so that might help in the following quarters as well.

Vasile Tofan: Indeed because some of the largest retailers in Romania are the same for Bulgaria. We have an excellent relation with Kaufland Romania, not the easiest customer in terms of some negotiations, but I think that we've built a win-win relationship with them. Kaufland is also one of the largest retailers in Bulgaria, so of course we're leveraging that.

Participant 1: And regarding Turkey, I've noticed that you're reporting it separately. Do I understand correctly, you've started selling in Turkey only in the fourth quarter?

Vasile Tofan: We started selling in Turkey earlier. 4Q is a seasonally strong quarter, so that's why we brought it forward. However, in general, we are quite excited about the potential in the Turkish market. A few words about this market. It's a protected market because there's a local wine industry, so the tariffs on imported wines are relatively meaningful for an important part of economics. The tariffs on Moldovan wines are more lenient in terms of quotas than maybe wines from other countries, and I know there's a very strong priority on behalf of the Moldovan government to further broaden those quotas for nontariff imports, which puts us in a good position in that market. We cannot comment on when these quotas are going to be brought in, but from what we know, it's one of the priorities of trade agreements between Moldova and Turkey.

Participant 1: If we were looking at year-on-year growth on sales, what would be in Turkey? You are not selling much in the first quarter of last year, do I understand correctly?

Vasile Tofan: Eugeniu, maybe you can help here on the absolute volume, so that Participant 1 can get a sense of it?

Eugeniu Baltag: Sure. We didn't have any sales in Turkey in the last Q1. In 2022, sales in Turkey started to grow gradually from Q2 to Q4, and that is when the quota was fulfilled. This year, we managed to fulfill the entire quota for 2023 in Q1, meaning that the next sales under preferential conditions (as part of the quota) can take place only in the last quarter of this year. Nevertheless, our commercial team is taking action so that we will be able to sell our products in that specific market under standard conditions.

As Vasile mentioned earlier, this market is quite specific. The country is currently holding its presidential elections and soon they will be holding the second round of elections. That is why, currently, it is safer not to elaborate too much on this market. We are happy that we have achieved strong results in the first quarter, and to quote Mr. Bostan: "What you didn't sell this year, might not be sold in the future...", so we have a positive outlook on having such a strong first quarter.

As of next quarter, we'll have to be patient and wait to see how things will evolve.

Participant 1: So, regarding quota, what you mean to say is that you had some preferential treatment on tariffs, or excises, until a certain volume is reached, right? That's what you mean by quota? Okay, now I understand, because you mentioned quota, but I did not exactly understand what you mean by that.

Eugeniu Baltag: Correct, it is a quota for the imported wine from Moldova, not only for Purcari specifically, and the quota for this year has already been achieved.

Participant 1: Okay. And regarding marketing sales and G&A as a percentage of sales, it was a bit higher than 22% in the first quarter, if I remember correctly, or the second. So, you keep a 22% guidance, right? The long-standing 22% guidance.

Victor Arapan: Yes, we will be keeping a guidance of around 22%. This quarter, it is a little bit higher, but as we mentioned, this is due to more active promotional activity held in Q1.

Participant 1: Okay, thanks a lot.

Eugeniu Baltag: From a commercial standpoint, now we'll have no excuses not to increase sales because we have an internal target that marketing and sales should be around 22%. Now we are at 23%, so we must sell faster.

Participant 1: Thank you.

Participant 3: Hello, can you hear me?

Eugeniu Baltag: Yes, we can hear you perfectly.

Participant 3: I would like to congratulate Mr. Arapan for being more vocal than in the past, which is something new. I want to make a remark regarding the presentation, I'm already 4 years a shareholder of Purcari, and I can't see a lot of updates on how you compare Purcari with the rest of your competitors.

When I was in Bucharest last time, I may not have seen the full picture and I may not be right, but on the shelf, you have different competitors from the main competitors that you present. I saw companies like Gitana, or others from Moldova that followed in your step.

Now, I believe, they are trying to "eat our lunch", so I would like to see how you perceive this competition, which I believe is very strong. I used to see Purcari everywhere in the front. Now, sometimes the shelf is taken by some other, really good-looking products. So, how worried are you about this? How do you intend to present this competition to us? This would be my first question.

Vasile Tofan: Thank you for your question and for being an informed consumer and shareholder, also, thank you for backing us over the last 4 years. So let me address this question, because it is something that we pay a lot of attention to.

First of all, we have the practice of publishing the Nielsen market research data twice a year. We research the market twice a year and we publish the market share data. So, as you've seen in our market share analysis, we constantly gain market share. At the moment, we are just under 30% market share in the premium segment in Romania, based on about 11, 12 months of market share data in the overall market, including other segments, not only premium.

Another data point that we look at are Vivino scores, which we regularly compare and the number of Purcari's positions versus competitors' positions in the top 30 wines in Romania. In that sense, we are trying to be as transparent as possible with the market data in terms of relative benchmarking versus competition. Yet again, you're making a good point. If there's a perception that you would like to have even more information about our realty position against competition, we have to do that.

To your second question or information mentioned to this, we've certainly noted the performance of brands like Gitana or Domeniile Davidescu, also from Moldova. We are actually pleased that other wineries from Moldova are following in our footsteps and are doing a good job in the retail market in Romania. Still, they are quite small compared to Purcari. It is difficult to give you an exact number, but we sell many times more than what they sell in a year.

In terms of dynamic, rest assured that we are not complacent. We understand that we are a brand-driven company, so the brand must stay fresh and relevant to the consumers. We are in fact paranoic whether the brand is still fresh and modern, and to that end, we've recently contracted a marketing research agency called Reveal that made a very extensive and in-depth quantitative assessment of our brands and the perception of our brands within our core consumer groups. It is of great value to us that members of the Board of Directors and members of the top management listened to and participated in these focus groups, which gives you a sense of how important this is to us.

The good news resulting from that research is that Purcari is continuously perceived as a very up and coming brand. Despite being the leader of the premium market, it is still perceived as an up-and-coming brand, not a tired brand, but a fresh brand. For me, it was extremely reassuring, and

because we are so paranoid, we tested explicit things. For example, we tested our consumers with questions such as: “I feel Purcari is too much present in the market, which makes me doubt its premium quality”. We tested against each hypothesis. Are we too widespread? Is there too much Purcari that may affect our premium positioning? To be honest, I think, so far, we’ve been navigating it very well. We have lots of good examples of premium brands globally, for example Moët & Chandon, which frankly, you can buy everywhere, even in a kiosk now. But still, they managed to preserve this premium appeal, and so far, I believe Purcari has also managed to preserve a very premium appeal, and the research confirms it.

Last thing I’ll mention, both Gitana and Domeniile Davidescu are priced in a slightly different category, which explains the much lower volumes.

The very, very last thing I’ll mention, probably you’ve noticed more of Gitana in Mega Image, a retail chain in Romania, and maybe what you’ve seen outside has, in fact, a much weaker footprint.

Participant 3: Great. Thank you very much.

Vasile Tofan: We are 51 minutes into this call, are there any other questions from the audience?

If there are no more questions, from my side, I would like to extend a warm invitation to our Annual General Shareholders’ Meeting, which will take place as early as next week, on Friday, May 26th in Bucharest. So, please do join us for the AGM, as we always try to make these AGMs engaging, and we want to see as many institutional and retail investors, as possible. Thus, please come to say “Hi”, please come to ask questions. We will be having wine at lunch time, which is one of the benefits of attending the AGM of a wine company. We’re very much looking forward to seeing as many of you on May 26th in Bucharest.

Thank you very much. All the best. Have a good day.